

Internal Revenue Service
District Director

Department of the Treasury
P.O. Box 2508
Cincinnati, OH 45201

Person to Contact:

Telephone Number

Employer Identification Number:

Refer Reply to : EP/EO

Date: FEB 28 1995

Dear Sir or Madam:

We have considered your application for recognition of exemption from income tax under the provisions of section 501(c)(6) of the Internal Revenue Code of 1986 and its applicable Income Tax Regulations.

Consideration was given to whether you qualify for exemption under other subsections of section 501(c) of the Code and we have concluded that you do not.

As your organization has not established exemption from Federal income tax, it will be necessary for you to file an annual income tax return on Form 1041 if you are a trust or Form 1120 if you are a corporation or an unincorporated association.

If you are in agreement with our proposed denial, please sign and return one copy of the enclosed Form 6018, Consent to Proposed Adverse Action.

You have the right to protest this proposed determination if you believe that it is incorrect. To protest, you should submit a written appeal giving the facts, law and other information to support your position as explained in the enclosed Publication 892, "Exempt Organizations Appeal Procedures for Unagreed Issues". The appeal must be submitted within 30 days from the date of this letter and must be signed by one of your principal officers. You may request a hearing with a member of the Office of the Regional Director of Appeals when you file your appeal. If a hearing is requested, you will be contacted to arrange a date for it. The hearing may be held at the Regional Office, or, if you request, at any mutually convenient District Office. If you are to be represented by someone who is not one of your principal officers, he or she must file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements as set forth in Section 601.502 of the Statement of Procedural Rules. See Treasury Department Circular No. 230.

[REDACTED]

If we do not hear from you within the time specified, this will become our final determination.

Sincerely yours,

[REDACTED]

District Director

Enclosures: 3

Enclosure I

Information submitted establishes that you were incorporated on [REDACTED], under the laws of the State of [REDACTED].

The Articles of Incorporation state your purposes are, in part:

- (a) To provide the corporation's members with a confidential exchange of experiences, problems and ideas at regular meetings, and to receive the benefit of reliable, comparative operating data on a periodic basis.

The By-Laws state that there shall be one (1) class of membership in the Corporation and that all members shall be entitled to vote on all matters. The By-Laws define members as a group of [REDACTED] office furniture dealer principles or executive officers. The By-Laws further state that, "All information furnished by, to, or about a member or member candidate is considered and acknowledged to be of a confidential nature. All of the meeting statistics and financial composites are coded so that they are identifiable only to members and authorized persons in attendance at a meeting. No member shall disclose group statistics or other distributed information to any other dealers, trade association or publications."

The application discloses that your activities include the sharing of information, experiences, ideals relative to running an office furniture dealership. The application further discloses that the only qualification necessary for membership in your organization, is to be a [REDACTED] (office furniture) dealer approved by the current members.

Financial data submitted for [REDACTED], through [REDACTED] indicates that your organization will receive its support from assessment of membership dues and meal reimbursements. It also indicates that all expenses will be from related activities. Projected budgets for [REDACTED] and [REDACTED], indicated support and expenses of the same nature.

Section 501(c)(6) of the Code provides, in part, for the exemption from Federal income tax for business leagues, chambers of commerce, real-estate boards, of trade, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder of individual.

Enclosure I

[REDACTED]

Section 1.501(c)(6)-1 of the Income Tax Regulations states, in part, defines a business league an association of persons having some common business interest, the purpose of which is to promote such common interest. This is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons.

In National Prime Users Group, Inc. v. United States of America, 667 F.Supp 250, 60 A.F.T.R.2d 87-5564, the Court concluded that the petitioner was not exempt under section 501(c)(6) of the Code. The petitioner was organized to facilitate communication among users of one manufacturer's computer equipment did not satisfy "line of business" requirement and was not a tax-exempt "business league"; Articles of Incorporation and By-Laws as originally enacted conclusively established that corporation was an organization serving only segments of one line of business, those using one manufacturer's products, and while amended articles and by-laws state that the corporation's purpose was to provide a forum for exchange of information and communication among users of digital computers, its activities and membership were not similarly altered.

Revenue Ruling 83-164, 1983-2 C.B. 95, provides that an organization whose members represent diversified businesses that own, rent, or lease computers produced by a single computer manufacturer does not qualify for exemption from Federal Income Tax as a business league under section 501(c)(6) of the Code.

Since all of your members are required to be [REDACTED] (office furniture) dealers, you are similar to the organizations described in Revenue Ruling 83-164 and National Prime Users Group, Inc. Accordingly, we conclude that you do not qualify for recognition of exemption under section 501(c)(6) of the Code.

[REDACTED]

Department of the Treasury-Internal Revenue Service
Consent to Proposed Adverse Action
(All references are to the Internal Revenue Code)

Prepare in
Duplicate

Case Number [REDACTED]	Date of Latest Determination Letter
Employer Identification Number [REDACTED]	Date of Proposed Adverse Action Letter FEB 28 1995

Name and Address of Organization



I consent to the proposed adverse action relative to the above organization as shown by the box(es) checked below. I understand that if Section 7428, Declaratory Judgments Relating to Status and Classification of Organizations under Section 501(c)(3), etc. applies, I have the right to protest the proposed adverse action.

NATURE OF ADVERSE ACTION

- ☒ Denial of exemption
- ☐ Revocation of exemption, effective
- ☐ Modification of exempt status from section 501(c)() to 501(c)(), effective
- ☐ Classification as a private foundation (section 509(a)), effective
- ☐ Classification as a non-operating foundation (section 4942(j)(3)), effective
- ☐ Classification as an organization described in section 509(a)(), effective
- ☐ Classification as an organization described in section 170(b)(1)(A)(), effective

If you agree to the adverse action shown above, please sign and return this consent. You should keep a copy for your records.

If you sign this consent before you have exhausted your administrative appeal rights, you may lose your rights to a declaratory judgment under section 7428.

(Signature instructions are on the back of this form.)

Name of Organization

Signature and Title	Date
Signature and Title	Date